

Message Text

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44

ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01 /152 W

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R 250845Z JUN 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 4660

INFO AMEMBASSY TAIPEI

LIMITED OFFICIAL USE MANILA 7557

E.O. 11652: N/A

TAGS: EGEN, RP

SUBJECT: CENTRAL BANK TAKEOVER OF CONTINENTAL BANK

1. MANILA PAPERS JUNE 25 REPORTED CENTRAL BANK (CB) TAKEOVER OF CONTINENTAL BANK FOR QUOTE REPEATED VIOLATIONS OF BANKING LAWS AND PRACTICES UNQUOTE INCLUDING QUOTE GRANT OF HUGE LOANS UNQUOTE WITHOUT COLLATERAL. LOCAL SOURCES STATE THAT CONTINENTAL BANK ENGAGED IN MONEY MARKET FRAUDS UP TO P 130 MILLION, AGAINST TOTAL ASSETS OF ABOUT P330 MILLION. ONE SOURCE REPORTS THAT CONTINENTAL BOARD MEMBER VICENT TAN WAS ARRESTED AND TAKEN TO CRIME JUNE 24.

2. COMMENT: CONTINENTAL TAKEOVER APPARENTLY NO SURPRISE TO BANKING CIRCLES DUE INCREASING REPORTS OF INFLUENCE LOANS WITH THIN OR NON-EXISTENT COVER. DEVELOPMENT PROBABLY WILL RECEIVE HEIGHTENED PLAY IN NEXT FEW DAYS DUE LIKELY ANNOUNCEMENT JUNE 26 OF US BANK IRVING TRUST WITHDRAWAL FROM MINORITY TIE WITH BANK OF COMMUNICATIONS. LOCAL IRVING TRUST SOURCE HAS INDICATED WITHDRAWAL QUOTE POLITICAL UNQUOTE. OTHER BANKERS SPECULATE THAT

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CB DECISION OF LAST WEEK TO NULLIFY MINORITY SHAREHOLDER

VETO ARRANGEMENTS IN RECENT COMMERCIAL BANK DEALS PROBABLY
COOLED IRVING TRUST INTERESTS IN VIEW PROBLEMS ALAREDY
LIKELY IN THE FUTURE OF BANK OF COMMUNICATIONS.
SULLIVAN

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Message Attributes

Automatic Decaptioning: X
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Copy: SINGLE
Draft Date: 25 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
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Disposition Authority: CollinP0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Handling Restrictions: n/a
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Previous Handling Restrictions: n/a
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EO Systematic Review
30 JUN 2005

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To: STATE
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